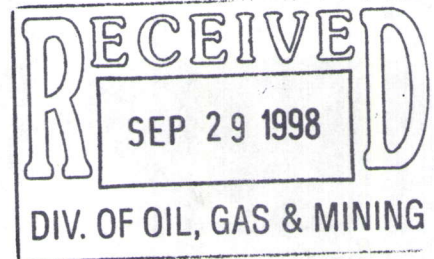


m/047/013

ROBERT E COVINGTON
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SEPTEMBER 28, 1998

D. WAYNE HEDBERG
Permit Supervisor
Division of Oil, Gas & Mining
P O Box 145801
Salt Lake City, UT 84114-5801

Re: Review of Amendment
Ziegler Chemical & Mineral Corp.
U.S. Gilsonite Lse. ~~U-0126939~~
Sec. 15, T9S-R24E, Uintah Co., Utah

Uta-73612

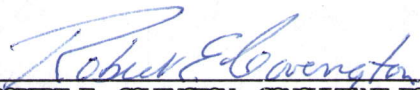
Dear Wayne:

After consulting with Norman Haslem, we are making a change from our letter of the 16th. Please refer to the letter which I mailed the other day on the above lease. We herewith amend Page 2, Paragraph 2, R647-4-107, Section 107.1 as follows: "The mining shaft has a fence which is now built around the shaft made from 2 3/8" tubing, welded and with 2 3/8" tubing for all four corner posts which have been placed in the ground in concrete. The fence is 2 1/2' in height. When the crew is not working, the ore bucket will be placed in the shaft, blocking any possible entry. On each end of the shaft 2" boards will be placed to cover completely and opening",

We will appreciate it if you will add this Amendment to our Mine Plan.

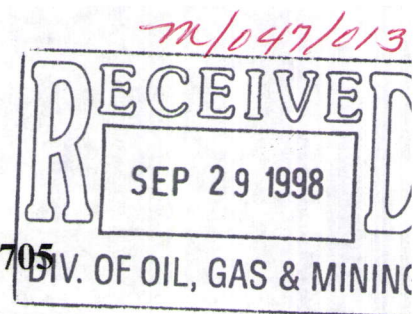
Thank you for your consideration in this matter.

Very truly yours,



ROBERT E. COVINGTON, CONSULTANT FOR
ZIEGLER CHEMICAL & MINERAL CORP.

ROBERT E COVINGTON
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September 16, 1998

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program
Utah Division of Oil, Gas & Mining
P.O. Box 145801
Salt Lake City, UT 84114-5801

Re: Review of Amendment, Notice of Intention to Commence Large Mining Operations
Ziegler Chemical & Mineral Corp. M/047/013

Dear Mr. Hedberg:

In answer to your letter of August 3, 1998, I have reviewed your letter and herewith answer your questions as follows:

R647-4-104 - FILING REQUIREMENTS AND REVIEW PROCEDURES

Ziegler Chemical & Mineral Corp.'s previously submitted proposal is hereby submitted to the State of Utah's Division of Oil, Gas & Mining as "An Amendment to the Existing Large Mining Operation's Notice of Intention".

In conformance with your suggestions, Shaft B-8 will now be named LB-8 and Shaft No.3 will be LB-3. Shaft 8-A will be called LB-8A.

R647-4-104 - Operator's Surface and Mineral Ownership

All of Section 15, T9S - R24 E, the land under discussion, was transferred by the State of Utah to the Bureau of Land Management. Only the oil and gas rights are retained by the State of Utah by virtue of a previously existing, valid, oil and gas lease. The recorded date of the exchange was 4-6-93. The patents were executed and recorded.

R47-4-105 - Maps, Drawings & Photographs

105.1 Topographic base map, boundaries, pre-act disturbance

Pre-existing disturbances will not be re-impacted. There are no new proposed disturbances.

105.2 Surface facilities map

This map has been provided to your office in previous submittals.

R647-4-106- Operation Plan

106.2 Type of operations conducted, mining methods, processing, etc

The area disturbed at LB-3 as shown on your "Disturbed Acreage" map of 12/23/97 (M/04/013) is hereby corrected and is 1.14 acres of disturbance. No new disturbance is proposed at Site LB-3.

With reference to shafts Main #1 and #2, these shafts remain open and are only used as ventilation shafts. Therefore, that part of the section entitled "Estimated Tonnages Disturbed and to be Reclaimed" is herewith deleted from the original report.

Shaft LB-8-A (old No. 8-A) will also be used only as and air ventilation conduit, There will be no new disturbance around the shafts. Shafts LB-8 & LB-9 will not be used during the operation of this n. All of the previously listed shafts will be properly sealed, in conformance with the regulations of the State Division of Oil, Gas & Mining as stated in the previously submitted Mining Plan when operations have ceased.

106.3 Estimated acreages disturbed, reclaimed annually

Included in this report is a new Page 10 which lists the acreage disturbed. The estimated cost of re-seeding the 1.6 acres, previously listed as \$800, is now estimated at \$1,600. There is no head frame or any other materials or trash of any sort located on the lease or around the shafts.

R647-4-107 Operation Practices

107.1 Public Safety and Welfare

107.1.11 Closing or guarding shafts & tunnels

There are no tunnels on the property and non are contemplated as a part of this Mining Plan. The shaft at LB-8A has a heavy, steel wire mesh permanently set in-place to guard against anyone or anything falling into the opening.

The shaft on LB-8A is enclosed with the preliminary closing concrete 2' high walls

The shaft on LB-8A is enclosed with the preliminary closing concrete 2' high walls with the steel mesh described above embedded in the walls.

The mining shaft at LB-8 will have chain link fencing placed around the opening. The four corners of the fence will have 2" tubing set in concrete for support and for stability. Appropriate warning signs will be posted on the fence. When the mining operations are shut down for the night, or for the weekend, the shaft will be covered with 2" thick wood planking.

R647-4-110 Reclamation Plan

110.2 Roads, highwalls, slopes, drainages, pits, etc.

There are no pits, slopes highwalls or drainages on the property under discussion. With reference to the shafts, they will be sealed in accordance with the submitted Mining Plan after the completion of the proposed mining. The access road is a Uintah County road which has been in existence for over 50 years. This road is not a part of the proposed reclamation plan. The old dirt road behind the sacking plant on the lease will be reclaimed, as will the old area where gilsonite had been stockpiled in the past.

The shafts to be closed as described in the Mining Plan are the LB-8, LB-8A, LB Main #1 and LB Main #2.

110.3 Description of facilities to be left (post mining use)

No facilities of any kind involved in the Mining Plan for UTU 76312 will be left after the cessation of mining operations.

110.5 Revegetation planting program

Ziegler personnel have evaluated the seed planting program which was attached to your letter of August 3, 1998. The program appears to be suitable and is approved for the Mining Plan as proposed. However, depending up the season, not all of the recommended seeds may be available. We will contact the Department if there is a problem with seed availability. The recommended rates of application are acceptable to Ziegler. The seed will either be drilled or the surface will be ripped or scarified prior to the planting.

R647-4-112 Variance

No variances from the Mineral Rules (sections R647-4-107 Operation Practicess, R647-4-108 Hole Plugging Requirements, and R647-4-111 Reclamation Practices are requested under this Mining Plan. If it is found that previously disturbed areas have been reimacted, Ziegler will request variances to the plan on topsoil salvage and/or replacement and revegetation .

R647-4-113 Surety

Ziegler Chemical & Mineral Corporation has analyzed the bonding requirements for the State of Utah's Division of Oil, Gas & Mining, and it is Ziegler's opinion that all surety requirements have been adequately met, since no additional lands are being disturbed under the proposed Mining Plan.

I trust that this additional information will prove to be satisfactory toin answer to your questions and inquiries so that we may receive your approval at your earliest convenience.

Very truly yours,

A handwritten signature in black ink, appearing to read "Robert E. Covington". The signature is fluid and cursive, with a large initial "R" and "C".

ROBERT E. COVINGTON, CONSULTANT FOR
ZIEGLER CHEMICAL & MINERAL CORP.

Cc: Gordon S. Ziegler, Jr.
Norman R. Haslem